



Program Review 2005 (PR-05)

Spares Assessment

***Aircraft Procurement Navy—Budget
Activity 6 (APN-6)***

***Other Procurement Navy—Budget Activity
8 (OPN-8)***

***Weapons Procurement Navy—Budget
Activity 6 (WPN-6)***

Status as of 31 Jan 03



Assessment Methodology

- Each year N41 conducts an assessment of spares requirements.
- The assessment is independent and zero based.
- Sparing models are re-run and output is compared to the last cycle to ensure all requirement changes are linked to specific factors (e.g., changes in reliability rates, changes in end item quantities, schedule changes, etc.).
- Each year spares assessments are tracked from baseline to baseline.



Assessment Baselines

Baseline	Description	Date
I	Raw, un-assessed claimant input reflecting sparing model runs.	17 Sep 02
II	Assessed Baseline I requirements. During assessment, each program is examined to ensure changes from the last assessment cycle are fully accounted for. The process ensures no erroneous requirements were incorporated and that no valid requirements were left out.	8 Jan 03
III	Incorporates Program Budget Decisions (PBDs) and a second round of assessment.	31 Jan 03
IV	Post-Sponsor Program Proposal (SPP) Baseline. Incorporates changes made by Resource Sponsors to their programs.	
V	Post Program Objective Memorandum (POM) Baseline. Incorporates further changes made by N80 prior to submission to Financial Management Budget (FMB).	
VI	Incorporates changes made by FMB. Reflects Navy Program of Record (POR). This baseline will then be used to re-run sparing models for the next assessment cycle.	31 Jan 03

Status as of 31 Jan 03



The Challenge

There is a \$7.2B Readiness shortfall that must be

Account (\$M)	2005	2006	2007	2008	2009	FYDP
Ship Operations	(\$23)	(\$26)	(\$39)	\$24	\$16	(\$48)
Ship Maintenance	\$310	\$397	\$325	\$723	\$423	\$2,178
Flying Hour	\$434	\$420	\$616	\$511	\$649	\$2,630
Aviation Depot Airframes	\$39	\$112	\$108	\$40	\$63	\$362
Aviation Depot Engines	\$10	\$10	\$7	\$8	\$8	\$43
Air Systems Support	\$2	\$3	\$3	\$3	\$3	\$14
Aviation Support Equipment	\$76	\$62	\$36	\$29	\$28	\$231
Spares (APN-6)	\$53	\$92	\$173	\$358	\$786	\$1,462
Spares (OPN-8)	\$78	\$49	\$44	\$77	\$59	\$307
Spares (WPN-6)	(\$5)	\$0	\$14	\$18	\$20	\$47
Total	\$974	\$1,119	\$1,287	\$1,791	\$2,055	\$7,226

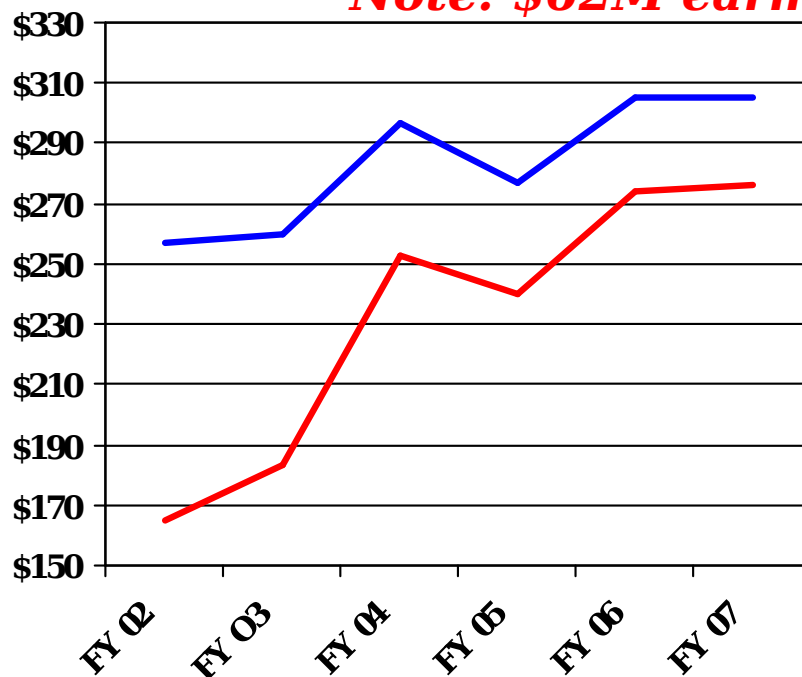
Status as of 31 Jan 03



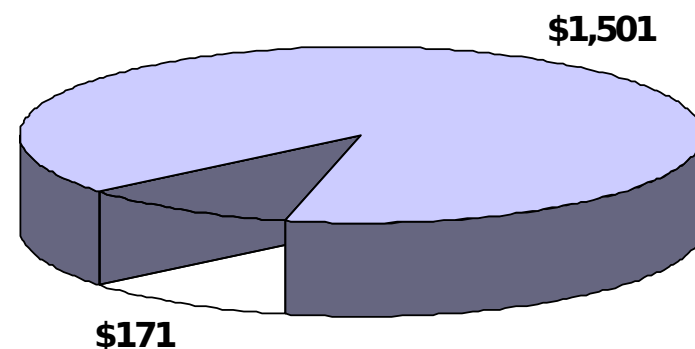
POM-04 to Funding OPN-8

Total (TY \$M)	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09
POM-04 REQUIREMENT	\$257	\$250	\$297	\$277	\$305	\$305	\$252	\$236
PRELIM RAD I (28 Aug 02)	\$165	\$183	\$253	\$240	\$274	\$276	\$233	\$225
DELTA (+/-)	(\$92)	(\$67)	(\$44)	(\$37)	(\$31)	(\$29)	(\$19)	(\$11)
Percent Funded	64%	73%	85%	87%	90%	90%	92%	95%

Note: \$62M earmarked for AT/FP removed from FY02



Total Funding 04-09 (\$M)



90% Funded

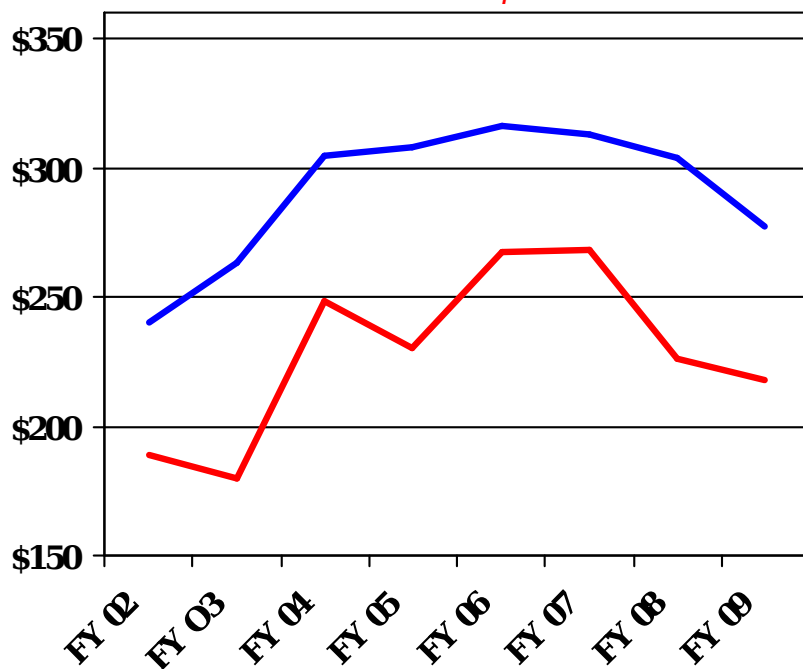
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Status as of 31 Jan 03



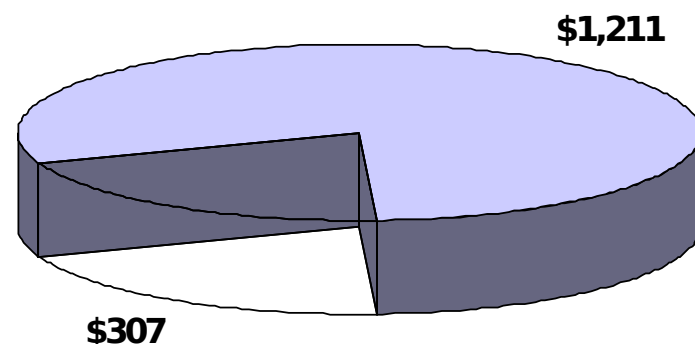
Baseline III to Pres Bud OPN-8

Total (TY \$M)	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09
POM-04 REQUIREMENT	\$257	\$250	\$297	\$277	\$305	\$305	\$252	\$236
PR-05 BASELINE III	\$242	\$263	\$305	\$308	\$316	\$313	\$304	\$277
PB FUND (27 JAN 03)	\$189	\$180	\$248	\$230	\$267	\$269	\$227	\$218
EXCESS (SHORTFALL)	(\$53)	(\$83)	(\$57)	(\$78)	(\$49)	(\$44)	(\$77)	(\$59)
Percent Funded	78%	68%	81%	75%	84%	86%	75%	79%

Note: \$62M earmarked for AT/FP removed from FY02



Total Funding 05-09 (\$M)



80% Funded

Status as of 31 Jan 03



Variance Summary OPN-8

OPN Total	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09
BAM 04 BL V	\$256,797	\$250,312	\$298,431	\$279,139	\$308,494	\$309,700	\$256,764	\$241,048
Quantity Variance	\$50,441	\$33,260	\$28,079	\$30,674	\$27,347	\$12,877	\$60,106	\$81,887
Schedule Variance	(\$1,632)	\$18,725	(\$11,585)	\$8,242	\$4,621	\$6,293	\$35,145	\$35,348
Model Variance	\$5,807	(\$38,069)	(\$9,811)	(\$53,291)	(\$47,538)	(\$36,713)	(\$55,626)	(\$99,692)
Price Variance	(\$630)	\$275	\$4,173	\$5,231	\$5,260	\$5,138	\$6,683	\$5,973
Other Variance	(\$6,986)	(\$1,158)	(\$5,380)	\$34,953	\$13,505	\$9,944	(\$6,988)	\$5,057
Inflation Variance	\$0	\$0	\$1,101	\$2,772	\$4,122	\$5,458	\$7,946	\$7,093
CAP 05 BL III	\$303,797	\$263,345	\$305,008	\$307,720	\$315,811	\$312,697	\$304,030	\$276,714

- Built using flexible budgeting system methodology.
- Provides a complete audit trail across all baselines.
- Allows for more thorough analysis.



Variance Summary OPN-8

<i>Initial</i>	<i>FY02</i>	<i>FY03</i>	<i>FY04</i>	<i>FY05</i>	<i>FY06</i>	<i>FY07</i>	<i>FY08</i>	<i>FY09</i>
BAM 04 BL V	\$149,733	\$173,223	\$189,177	\$194,538	\$215,223	\$218,285	\$164,006	\$156,479
Quantity Variance	(\$5,234)	\$20,265	\$26,255	\$20,361	\$24,754	\$10,350	\$58,412	\$80,163
Schedule Variance	(\$1,632)	\$18,725	(\$11,585)	\$8,242	\$4,621	\$6,293	\$35,145	\$35,348
Model Variance	\$5,807	(\$38,069)	(\$9,811)	(\$46,388)	(\$45,195)	(\$34,315)	(\$59,551)	(\$98,368)
Price Variance	(\$630)	\$275	\$4,173	\$5,231	\$5,260	\$5,138	\$6,683	\$5,973
Other Variance	(\$6,986)	(\$1,158)	(\$5,380)	\$34,953	\$13,505	\$9,944	(\$6,988)	\$5,057
Inflation Variance	\$0	\$0	\$1,101	\$2,772	\$4,122	\$5,458	\$7,946	\$7,093
CAP 05 BL III	\$141,058	\$173,261	\$193,930	\$219,709	\$222,290	\$221,153	\$205,653	\$191,745
<i>COSAL</i>	<i>FY02</i>	<i>FY03</i>	<i>FY04</i>	<i>FY05</i>	<i>FY06</i>	<i>FY07</i>	<i>FY08</i>	<i>FY09</i>
BAM 04 BL V	\$107,064	\$77,089	\$109,254	\$84,601	\$93,271	\$91,415	\$92,758	\$84,569
Quantity Variance	\$55,675	\$12,991	\$1,824	\$10,313	\$2,593	\$2,527	\$1,694	\$1,724
Schedule Variance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Model Variance	\$0	\$0	\$0	(\$6,903)	(\$2,343)	(\$2,398)	\$3,925	(\$1,324)
Price Variance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Variance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Inflation Variance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CAP 05 BL III	\$162,739	\$90,080	\$111,078	\$88,011	\$93,521	\$91,544	\$98,377	\$84,969

Status as of 31 Jan 038



OPN-8 Drivers

Initial

System	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 04-09
SPQ-9B RADAR	\$3,061	\$3,945	\$4,611	\$9,979	\$10,559	\$10,899	\$43,054
SSN ACOUSTICS	\$4,971	\$4,791	\$6,062	(\$7,083)	\$21,528	\$12,747	\$43,016
NAVAL FIRES CONTROL SYSTEM	\$1,506	\$1,990	\$2,329	\$1,830	\$8,669	\$7,156	\$23,480
SUBMARINE COMMUNICATION EQUIPMENT	\$3,878	\$6,951	\$7,673	\$4,141	\$1,729	(\$947)	\$23,426
AMPHIBIOUS EQUIPMENT	(\$25)	\$387	\$6,050	\$2,837	\$3,401	\$258	\$12,908
EXPLOSIVE ORDNANCE DISPOSAL EQUIPMENT	\$545	\$716	\$900	\$1,259	\$1,565	\$7,020	\$12,005
SHIP SELF DEFENSE SYSTEM	\$3,503	\$1,086	\$2,629	\$1,418	\$1,445	\$1,171	\$11,252

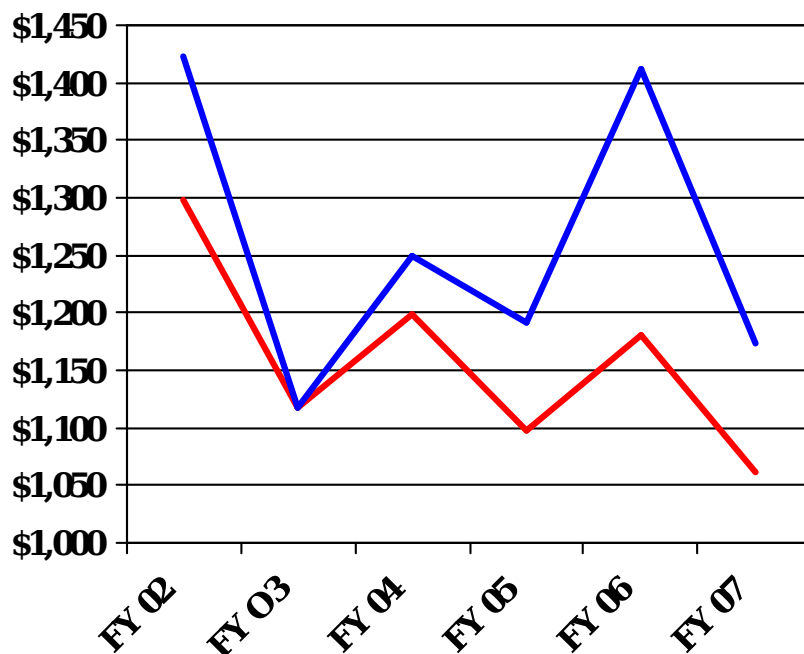
Outfitting

System	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 04-09
ANTI-TERRORISM/FORCE PROTECTION	\$1,624	\$2,453	\$200	\$200	\$5,600	\$200	\$10,277
VBSS	\$160	\$160	\$160	\$160	\$160	\$160	\$960
COMMUNICATION ITEMS UNDER \$5M	\$0	\$732	\$0	\$0	\$0	\$0	\$732

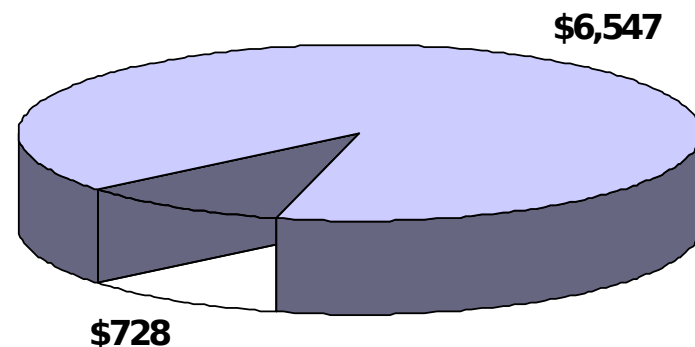


POM-04 to Funding APN-6

Total (TY \$M)	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09
POM-04 REQUIREMENT	\$1,423	\$1,117	\$1,250	\$1,191	\$1,412	\$1,173	\$1,239	\$1,010
PRELIM RAD I (28 Aug 02)	\$1,299	\$1,117	\$1,199	\$1,097	\$1,181	\$1,062	\$1,102	\$906
DELTA (+/-)	(\$124)	\$0	(\$51)	(\$94)	(\$231)	(\$111)	(\$137)	(\$104)
Percent Funded	91%	100%	96%	92%	84%	91%	89%	90%



Total Funding 04-09 (\$M)



90% Funded

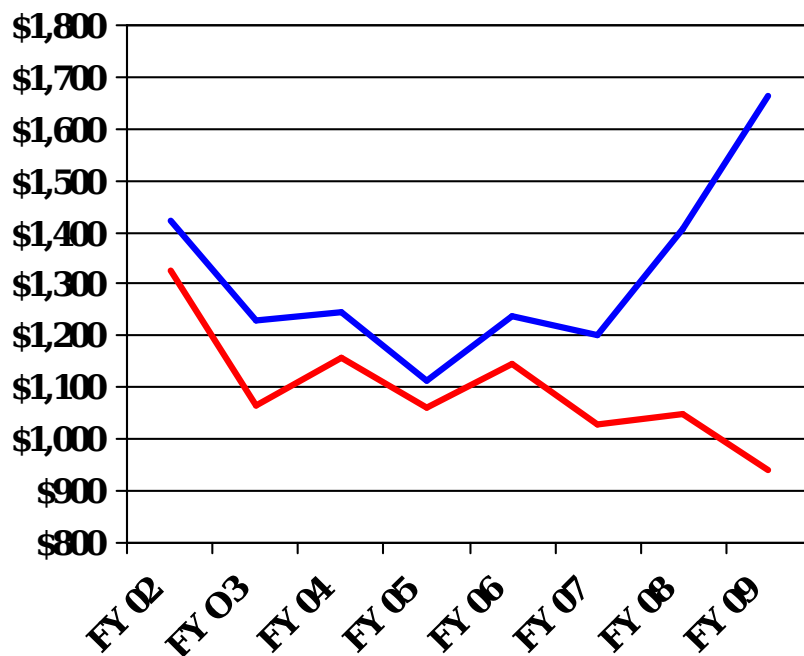
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Status as of 31 Jan 03 10

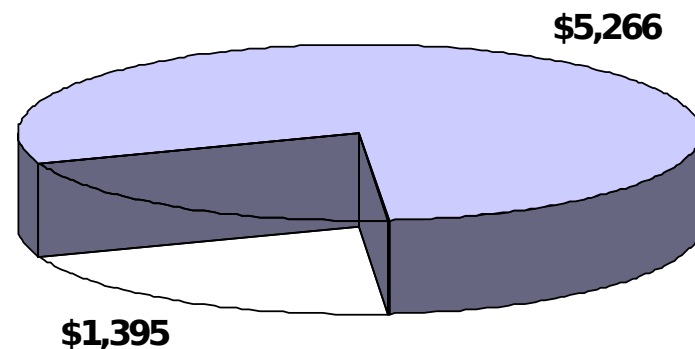


Baseline III to Pres Bud APN-6

Total (TY \$M)	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09
POM-04 REQUIREMENT	\$1,423	\$1,117	\$1,250	\$1,191	\$1,412	\$1,173	\$1,239	\$1,010
PR-05 BASELINE III	\$1,422	\$1,231	\$1,246	\$1,112	\$1,237	\$1,202	\$1,408	\$1,662
PB FUND (27 JAN 03)	\$1,326	\$1,066	\$1,158	\$1,060	\$1,145	\$1,029	\$1,050	\$942
EXCESS (SHORTFALL)	(\$96)	(\$165)	(\$88)	(\$52)	(\$92)	(\$173)	(\$358)	(\$720)
Percent Funded	93%	87%	93%	95%	93%	86%	75%	57%



Total Funding 05-09 (\$M)



79% Funded

Status as of 31 Jan 03 11



Variance Summary APN-6

APN (\$K)	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09
BAM 04 BL V	\$1,428,475	\$1,116,535	\$1,249,898	\$1,191,470	\$1,411,697	\$1,173,266	\$1,239,279	\$1,060,190
Quantity Variance	(\$20,402)	\$38,613	\$157,191	\$16,161	(\$85,193)	\$99,364	\$73,236	\$520,957
Schedule Variance	\$0	\$0	\$0	\$88	(\$569)	\$0	\$0	\$8,252
Model Variance	(\$18,053)	(\$38,976)	(\$226,954)	(\$456)	(\$16,586)	(\$69,641)	(\$107,625)	(\$393,499)
Price Variance	\$0	\$25,700	\$0	\$0	(\$6,614)	(\$16,308)	(\$14,326)	\$11,521
Other Variance	\$32,110	\$89,307	\$38,863	(\$123,834)	(\$109,740)	(\$27,060)	\$165,164	\$389,669
CRR Variance	\$0	\$0	\$17,522	\$6,302	\$4,226	\$3,390	\$989	\$1,738
Inflation Variance	\$0	\$0	\$9,636	\$22,612	\$39,682	\$39,029	\$51,081	\$62,960
CAP 05 BL III	\$1,422,130	\$1,231,179	\$1,246,155	\$1,112,343	\$1,236,904	\$1,202,040	\$1,407,798	\$1,661,787

Status as of 31 Jan 0312



APN-6 Drivers

Initial

System	FY04	FY05	FY06	FY07	FY08	FY09	FY 04-09
ENGINES JSF	\$0	\$0	\$24,590	\$41,290	\$112,080	\$162,510	\$340,470
CONTRACTOR SPARES JSF	\$0	\$0	\$359	(\$4,794)	\$39,586	\$71,206	\$106,357
MODIFICATION SPARES EP-3	\$12,701	\$8,685	\$9,083	\$9,340	\$9,429	\$9,595	\$58,833
MODIFICATION SPARES EA-6B	\$27,230	\$24,888	\$4,050	\$0	\$0	\$0	\$56,168
MODIFICATION SPARES Common Avionics	\$19,202	\$13,007	\$7,140	\$5,841	\$3,782	\$213	\$49,185
MODIFICATION SPARES F/A-18	\$18,993	\$3,692	\$3,403	\$8,053	\$5,187	\$5,386	\$44,714

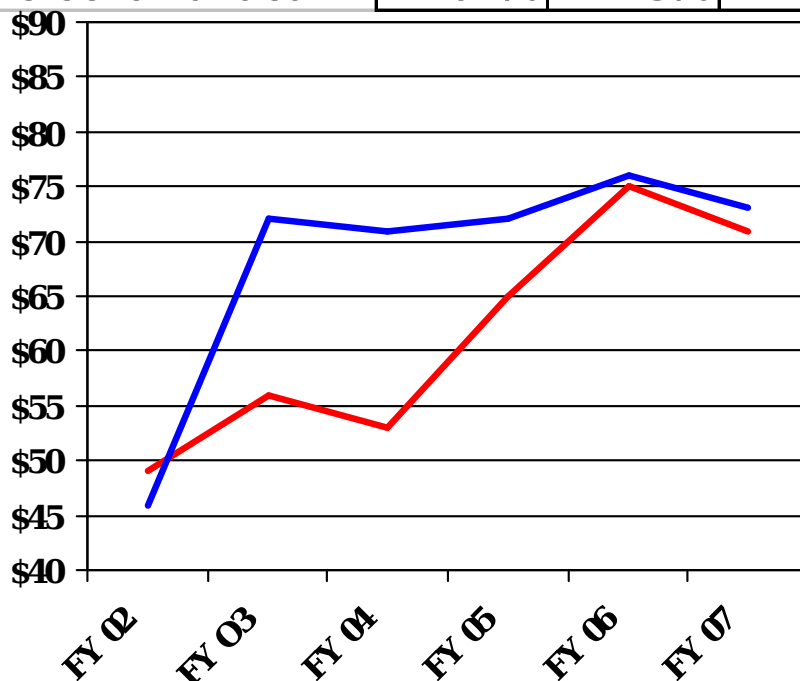
Outfitting

System	FY04	FY05	FY06	FY07	FY08	FY09	FY 04-09
MH-60R	\$6,405	\$11,266	\$17,524	\$29,047	\$208,297	\$304,608	\$577,147
MH-60S	\$2,603	\$9,996	\$2,313	\$48,859	\$75,065	\$86,904	\$225,740
COMMON AVIONICS	\$300	\$866	\$3,966	\$5,555	\$8,838	\$8,848	\$28,373
P-3	\$3,677	\$1,663	\$2,319	\$2,849	\$6,165	\$6,674	\$23,347
F/A-18	\$39,621	(\$43,688)	(\$29,970)	\$55,996	(\$21,322)	\$16,614	\$17,251
E-2C	\$4,079	\$2,979	\$1,737	\$1,563	\$2,783	\$1,282	\$14,423

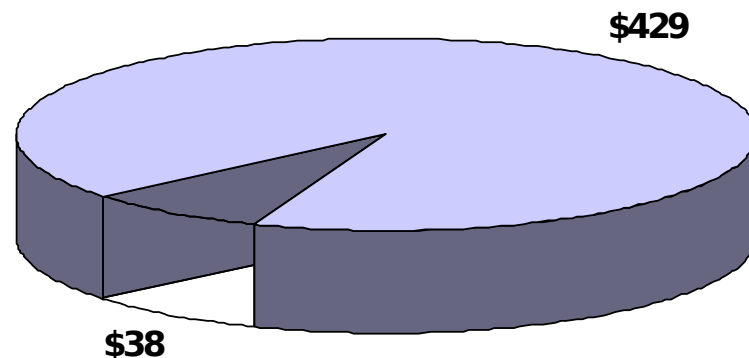


POM-04 to Funding WPN-6

Total (TY \$M)	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09
POM-04 REQUIREMENT	\$46	\$72	\$71	\$72	\$78	\$73	\$68	\$67
PRELIM RAD I (28 Aug 02)	\$49	\$56	\$53	\$65	\$75	\$71	\$65	\$62
DELTA (+/-)	\$3	(\$16)	(\$18)	(\$7)	(\$3)	(\$2)	(\$3)	(\$5)
Percent Funded	107%	78%	75%	90%	96%	97%	96%	93%



Total Funding 04-09 (\$M)



91% Funded

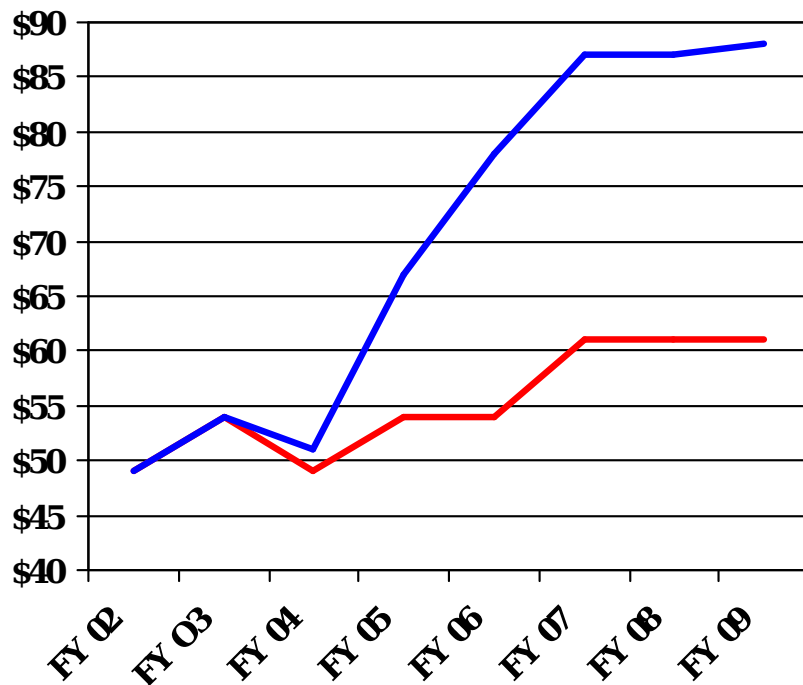
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Status as of 31 Jan 03

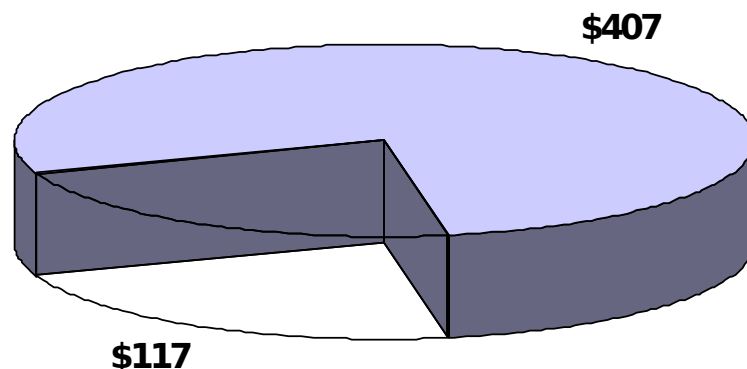


Baseline III to Pres Bud WPN-6

Total (TY \$M)	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09
POM-04 REQUIREMENT	\$46	\$72	\$71	\$72	\$78	\$73	\$68	\$67
PR-05 BASELINE III	\$49	\$54	\$51	\$67	\$78	\$87	\$87	\$88
PB FUND (27 JAN 03)	\$49	\$54	\$49	\$54	\$54	\$61	\$61	\$61
EXCESS (SHORTFALL)	\$0	\$0	(\$2)	(\$13)	(\$24)	(\$26)	(\$26)	(\$27)
Percent Funded	100%	100%	96%	81%	69%	70%	70%	69%



Total Funding 05-09 (\$M)



71% Funded

Status as of 31 Jan 03



Variance Summary WPN-6

WPN (\$K)	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09
BAM 04 BL V	\$46,185	\$71,703	\$71,412	\$71,812	\$77,581	\$73,380	\$69,119	\$67,815
Quantity Variance	(\$2,584)	(\$2,883)	(\$4,934)	(\$2,304)	(\$1,280)	\$3,338	\$3,937	\$5,556
Schedule Variance	\$0	(\$110)	\$122	\$3,028	\$5,888	\$8,314	\$4,891	\$5,507
Model Variance	\$7,230	(\$8,711)	(\$10,856)	(\$2,179)	(\$6,411)	(\$1,510)	\$2,232	\$2,628
Price Variance	(\$6,639)	(\$14,376)	(\$2,762)	(\$4,152)	(\$2,742)	(\$3,802)	(\$2,670)	(\$4,438)
Other Variance	\$4,691	\$8,535	(\$2,732)	(\$789)	\$1,518	\$1,899	\$2,320	\$2,963
Inflation Variance	\$0	\$0	\$732	\$2,020	\$3,465	\$5,048	\$6,724	\$8,120
CAP 05 BL III	\$48,883	\$54,158	\$50,982	\$67,436	\$78,019	\$86,667	\$86,553	\$88,151



WPN-6 Drivers

System	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 04-09
Mobile User Objective System (MUOS)	\$0	\$2,440	\$5,646	\$8,065	\$4,033	\$4,033	\$24,217
STANDARD MISSILE	(\$9,179)	\$3,681	(\$3,745)	\$6,374	\$10,757	\$11,261	\$19,149
RAM	\$744	\$2,048	\$2,747	\$2,452	\$2,519	\$2,588	\$13,098
AIM-9X	\$366	(\$152)	\$703	\$2,157	\$2,891	\$2,701	\$8,666
ASW TARGET	\$32	(\$1,236)	\$1,527	\$1,658	\$2,774	\$1,649	\$6,404
AMRAAM	\$8	(\$9)	\$481	\$816	\$453	\$434	\$2,183

Status as of 31 Jan 0317



Back-up Slides



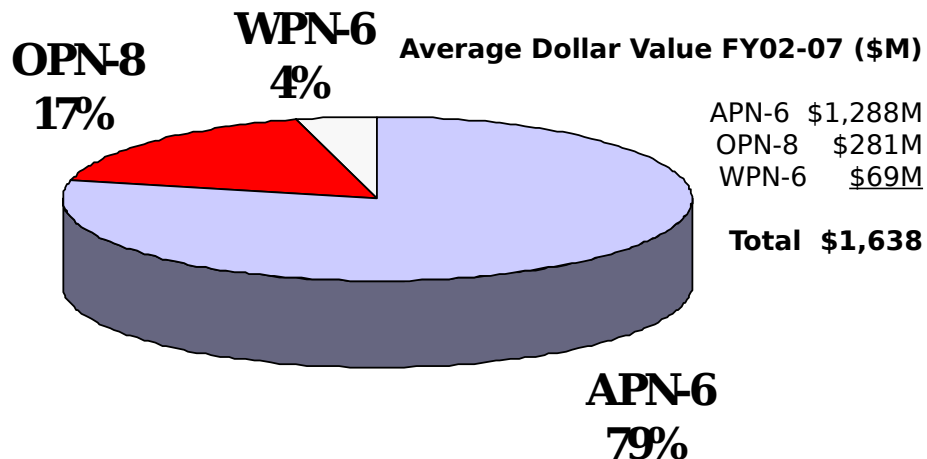
Spares Accounts Overview

Accounts Support Readiness Interim Spares Outfitting Spares

DESCRIPTION / REQUIREMENTS

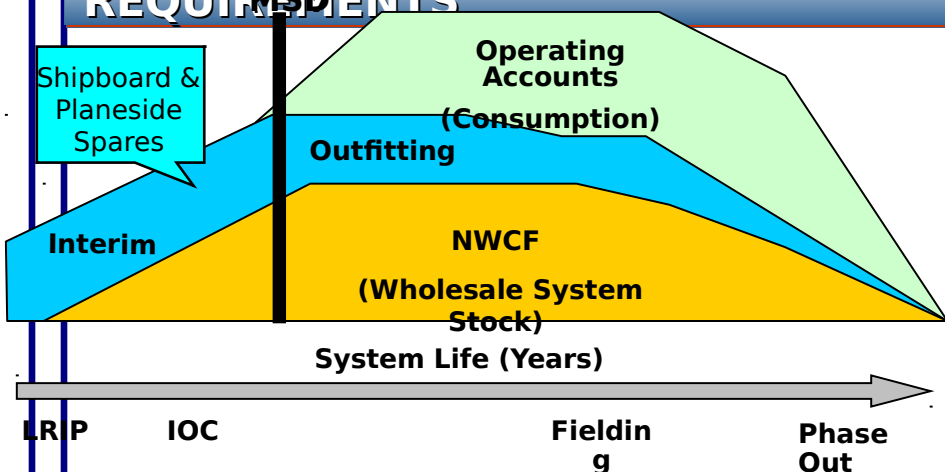
- These accounts cover the following: shipboard and planeside allowances, installation and checkout spares, maintenance assistance modules, and depot support spares that are funded by the Aircraft Procurement Navy (APN-6), Other Procurement Navy (OPN-8), and Weapons Procurement Navy (WPN-6) accounts.
- Built to support wartime flying/steaming hours.
- Provides "deployable capability."
- A follower account. Changes to end items drive changes to spares requirements.
- Requirements assessed/validated by N41 spares RAM

COMPARING THE ACCOUNTS



HOW THESE ACCOUNTS WORK

REQUIREMENTS



DETERMINING

to determine what shipboard and planeside (retail) allowances should be stocked.

- Models use both approved parameters and empirical data to determine what parts should be carried in order to meet CNO approved readiness goals.
- Parts allowances generated from these models are then priced and the dollar values totaled to determine final assessment dollar value.
- Assumptions behind these models are constantly tested and reevaluated and the empirical data is constantly being refreshed.
- The spares assessment is a dynamic process.

Status as of 31 Jan 03 19